



Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Debra Figone

SUBJECT: See Below

DATE: September 30, 2008

SUBJECT: DISCUSSION ON THE THREE-YEAR GENERAL FUND STRUCTURAL DEFICIT ELIMINATION PLAN, CITY'S SIX-MONTH STRATEGIC OBJECTIVES, AND "BEYOND BUDGET CUTS" ORGANIZATIONAL IMPROVEMENT EFFORT

RECOMMENDATION

- (a) Discuss the status of the Three-Year General Fund Structural Deficit Elimination Plan;
- (b) Review and accept progress report on the Six-Month Strategic Objectives; and,
- (c) Discuss the "Beyond Budget Cuts" organizational improvement effort

PURPOSE

The City is entering its eighth successive year of budget shortfalls and continues to confront ways to close the General Fund Structural Deficit of \$137 million while delivering basic services to approximately one million residents, a number that will continue to grow. Several initiatives are underway to deal with this problem. Since solving this problem means reconciling or balancing many values, some conflicting, there is no clear cut path to resolution. That said, the Mayor and Council, Senior Staff, Employees and Community members have taken up the formidable challenge to solve this problem. The purpose of this memorandum, and discussion that it frames, is designed to provide an update for Council on the several processes in which the City is engaged. This will ensure that we are in alignment as problem solving efforts continue to be developed and unfold. It is critical that Council be comfortable with, and weigh in on, the direction of travel.

BACKGROUND

Community-Based Budgeting Process

In January 2007, the City began a community-based budgeting process. This effort began with the initiation of an annual Community telephone survey to obtain statistically significant results of service priorities, a Neighborhood Association/Youth Commission Priority Setting Session

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and City Council Priority Setting Session. All three of these efforts provided valuable input on policy and service delivery priorities for the FY 2007-08 budget process. It was during the 2007 community-based budgeting process, that the elimination of the structural budget deficit was established as a top priority for the City Council.

The FY 2008-2009 budget process was also supported by the community outreach efforts stated above, with the addition of the development of strategies for a Three-Year General Fund Structural Deficit Elimination Plan, neighborhood meetings held in each Council District to discuss the budget and possible solutions to the structural deficit, and a City Council appointed Stakeholder Group, whose role was to advise the City Manager and Redevelopment Agency Executive Director about advantages and concerns regarding strategies to eliminate the structural budget deficit. The Three-Year Structural Deficit Elimination Plan is scheduled to be presented to the City Council in December 2008.

Organizational Engagement

Concurrent to the above effort, the City Manager has initiated an organizational improvement process, "Beyond Budget Cuts." This effort focuses on identifying areas where the City can increase its effectiveness, efficiency, adaptability, and capacity to innovate. The outcome of this effort is to identify ways to improve the City organizational capacity to respond to the City Council's policy and service-delivery priorities and ongoing resource constraints.

Aligning Resources and Service Delivery Priorities

The Three-Year General Fund Deficit Elimination Plan, Six-Month Strategic Objectives, and "Beyond Budget Cuts" organizational improvement process are efforts designed to better focus resources on policy and service-delivery priorities. The first two efforts largely focus on fiscal capacity, and the "Beyond Budget Cuts" focuses on the organizational capacity. In order to eliminate the structural deficit, these efforts require alignment to ensure that the fiscal and organizational capacity of the organization is understood and considered during the City Council's policy-making processes.

DISCUSSION OF EACH STRATEGY

Listed below is a brief discussion of each effort to provide additional context.

1. *Three-Year General Fund Structural Deficit Elimination Plan* —Staff continues to work to identify strategies to eliminate our General Fund structural budget deficit and continue a community-based budgeting process. All of these efforts will inform and guide the development of the FY 2009-10 Proposed and Adopted Budgets and future budgets. The Plan will identify strategies to eliminate the budget deficit in three areas:

1. Revenue Strategies (including Economic Development)
2. Service Reductions/Eliminations
3. Cost Savings (Service Delivery Model Changes/Expenditure Controls and Shifts)

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The Plan will include strategies to address the deficit within the next two years as well as provide a longer-term option, and will contain difficult strategies for consideration. After seven years of consecutive budget cuts and the dismal state of our economy, there are no 'easy fixes' to eliminate the budget deficit.

Appointed by the City Council to discuss 'Advantages and Concerns' regarding budget ideas for solving the structural deficit, the Stakeholder Group held its final meeting on September 22. Throughout its six-month tenure, the Stakeholders discussed 59 strategies to eliminate the deficit (Attachment A). Five of the strategies considered by the Stakeholder Group have already advanced to the next level and are currently in the development or implementation phase, and two of the strategies will be considered by voters in the upcoming November election. In general, Stakeholders signaled to the City their support in pursuing the development of nearly one-third (19/59) of the strategies discussed.

Additionally, the General Fund Structural Deficit Elimination Stakeholder Group began discussion of the need to identify the City's highest priority services and outcomes, as well as alternative ways to achieve priorities with the expectation that service reductions will continue to occur. To assist in this discussion, the Plan will propose an analytical framework for service reductions/eliminations for Council consideration. Staff has already begun researching potential models in order to develop a "San Jose specific" model. The City Manager and Redevelopment Agency Director will present the Three-Year Structural Deficit Elimination Plan at a Study Session on December 5, 2008.

2. Strategic Objectives—Over the past two years, the City has held a Neighborhood Association/Youth Commission Priority Setting session and City Council Priority Setting Session. Additionally, the City has also conducted an annual telephone survey to reach out to residents and hear about their perspective of what the City's priorities should be. These efforts have resulted in the establishment of five three-year goals (See Table 1). These five goals have been affirmed every six months by the City Council, along with the development of six-month objectives.

On February 15, 2008, the City Council held a joint City Council/Senior Staff facilitated Priority Setting Process and, at that time, it was decided by the Council that a follow-up session would be held in six months to review accomplishments and set the next six month objectives. This report serves as that update and attached is the most recent strategic objectives matrix with the status of each of the objectives (Attachment B). Moving forward, the Administration proposes to align this effort with the General Fund Structural Deficit Elimination Plan work.

Below is a table that summarizes the City's progress on implementing the strategic objectives for the past six months:

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Table 1: Progress on Implementing Strategic Objectives (February – September 2008)

Strategic Goal	# Completed	# On Target	# With a Revised Date	Total # Objectives
Regain our status as the Safest Big City in America	3	2	1– Heart Safe City Initiative	6
Eliminate the structural budget deficit	2	1		3
Reduce deferred maintenance and infrastructure backlog and develop a strategy to improve the infrastructure	4			4
Increase economic vitality	5	3	2 – Business Tax Compliance Outreach Program ; and Downtown/ Airport Height Strategy	10
Provide full funding for parks, pools, community centers and libraries, including maintenance, operation and development	6			6

3. ***"Beyond Budget Cuts" Organizational Improvement Effort***—Local governments, like other organizations, must devote time and resources to continuously renew and improve themselves. This is important to meet the important goals Council has set for the City, as well as to ready the organization for a challenging future of rising demands and constrained resources. The City Manager initiated the "Beyond Budget Cuts" effort to ensure that the entire organization is achieving its performance potential, and has the skills, capacities, and orientation to continuously adapt to changing demands. Just as important, this effort needs to ensure that the City's service delivery policies and approaches are updated to meet current and future service delivery needs.

Phase I of this long-term effort, which began in July and concludes in October, will assess where the organization is today, and uncover opportunities for change. Through interviews, review of key systems and documents, and an employee survey, Public Strategies Group assessed the City's customer orientation, alignment of purpose and activities, administrative systems, management practices, service delivery systems and organizational culture. Public Strategies also conducted a special assessment of strategic opportunities to use technology to enhance service delivery, improve productivity, and reduce costs. This effort will assist with the Three-Year General Fund Structural Deficit Elimination Plan, especially the element focused on changes to service delivery models and work practices, although no immediate cost savings are anticipated.

On September 18-19, City Staff and City Labor Alliance (CLA) leadership reviewed the draft findings of the organizational assessment and discussed which strategy areas the City would be most committed to pursue. Seven strategy areas were identified by retreat participants to develop further:

1. Budget Process Reform

2. Busting Bureaucracy

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|---------------------------------|-----------------------------|
| 3. Council-Management Relations | 6. Organizational Culture |
| 4. Employee Empowerment | 7. Engagement/Communication |
| 5. Information Technology | |

The Public Strategies Group (PSG) draft report titled 'Assessment of Strengths and Challenges' (Attachment C) will be transmitted via supplemental memo on Friday, October 10. At the October 21 Council Meeting, PSG will present the findings of the report and the City Manager and CLA will discuss the next steps.

Schedule/Timeline

The tentative timeline below was developed in an effort to provide Council important upcoming dates in preparation for the FY 2009-10 Budget development process. A formal calendar will be presented to the Rules and Open Government Committee for approval later this year.

Date	Milestone
October 21	A. FY 2007-2008 Annual Report B. Update on: 1. General Fund Structural Deficit Elimination Plan 2. Six-Month Strategic Objectives 3. "Beyond Budget Cuts" Organizational Improvement Effort
November 4	General Election
November 17	San José Redevelopment Agency Capital Budget Study Session General Fund
November 19	Structural Deficit Elimination Plan Released (Target Date)
December 5	General Fund Structural Deficit Elimination Plan Study Session
January 5-9	Annual Community Survey (Telephone)
January 24	Neighborhood Association/Youth Commission Priority Setting Session
Feb. 13 (t)	City Council/Senior Staff Priority Setting Session
Feb. 27	Five-Year Forecast and General Fund Structural Deficit Elimination Plan Update Released
March 6	Mayor's 2009-2010 March Budget Message Released
March 12	Mayor's 2009-2010 March Budget Message Study Session
March 17	Mayor's 2009-2010 March Budget Message: Final Review/Approval by City Council
April 20	2009-2010 Proposed Capital Budget and 2010-2014 Proposed CIP Released
May 1	2009-2010 Proposed Operating Budget Released

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PUBLIC OUTREACH

- ☐ **Criterion 1:** Requires Council action on the use of public funds equal to \$1 million or greater. **(Required: Website Posting)**
- ☐ **Criterion 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City. **(Required: E-mail and Website Posting)**
- ☐ **Criterion 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach. **(Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)**

This memorandum does not require public outreach identified under the above criterion; however, public outreach is conducted as part of the budget development process and will, specifically, be conducted through the annual Customer Survey and Neighborhood Association/Youth Commission Priority Setting Session.

COORDINATION

This memorandum was coordinated with the Mayor's Office.



Debra Figone
City Manager

Attachments (2)



Stakeholder Group
Categorization of Strategies to Eliminate the General Fund Structural Budget Deficit
April-September 2008

#	Date	Strategy	1	2	3	4	5	6	7	8
1	4/21/08	Utilize Financial Strategies that have positive Net Present Value (NPV) : Annual Prepayment of city's Pension Obligation	X							
2	4/21/08	Utilize Financial Strategies that have positive Net Present Value (NPV) : City to Issue Pension Obligation Bonds	X							
3	4/21/08	Formalize and Implement a Rigorous Asset Management Program	X							
4	4/21/08	Implement an Employee Suggestion and Process Streamlining Program	X							
5	4/21/08	Ensure current fees fully cover all costs			X					
6	4/28/08	Implement City-Wide Landscape And Lighting District Or Other Proposition 218 "Property-Related" Fees [Considerable discussion about neighborhood-based districts rather than City-Wide. Needs further analysis of recent court decision]	X					X?		
7	4/28/08	a) Shift Revenues from Construction and Conveyance Taxes from Capital Projects to Operations. b) Raise Conveyance Tax c) No increase-shift all revenues to General Fund d) No increase-Shift non-Parks allocations only. [In relation to the November 2008 Ballot, should be considered in the future]	X(a) X(b)	X(c) X(d)						
8	4/28/08	Increase Sales Tax to Provide Increased General Fund Revenues. [In relation to the November 2008 Ballot, should be considered in the future.]		X						
9	5/5/08	a) Restructure Business Tax Rates to Modernize and Reflect Current Business Profile b) Restructure Business Tax Formula. [In relation to the November 2008 Ballot, should be considered in the future.]		X(b)		X(a)				

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- 5: Information presented only. No discussion of advantages or concerns
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10	5/5/08	Increase Revenues From Visitors Who Benefit From General Fund Services: a) TOT Hotel Tax b) Establish Parking Tax c) Establish Vehicle Rental Tax. <i>[If state law permits, the vehicle rental tax strategy should be pursued. Potentially visit revising state law]</i>				X(a) X(b)		X(c)		
11	5/5/08	Modernize Utility Users Tax (UUT) and Consider Increase to Bring into Alignment with Other Large Cities <i>[Ballot measure to reduce the rate and update the Telephone Portion of UUT is included in the November 2008 Ballot]</i>	X							
12	6/2/08	Hire an outside auditor or use the City auditor to review the budget and make independent analyses and recommendations(like the Legislative Analyst's Office does for the State budget)	X							
13	6/2/08	a) Perform a special review of the projected fund balance b) Employ contingency budgeting (expenditure priorities if there is an excess balance.) If no excess balance occurs, the expenditures aren't approved. <i>[See Council Policy I-18 Section 4]</i>				X(a)		X(b)		
14	6/2/08	Adopt a budget policy that no additions can be made to the existing City services or projects unless the City Council has made a finding in public session that the proposed addition is of greater importance than bringing basic services to a satisfactory level. Full funding of priority services.	X							
15	6/2/08	a) Institute the use of benchmarking to ensure that the City is operating up to industry wide standards of effectiveness. b) Institute the use of benchmarking to establish performance targets for departments while providing staff at all levels with opportunities to suggest innovations to achieve specified objectives.	X(a) X(b)							

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16	6/2/08	Join with other jurisdictions to leverage buying power and reduce costs for standard purchases.	X							
17	6/2/08	Allow funds currently earmarked for public art to be used for any arts infrastructure project in the city, such as the construction of performance or exhibit space.								X
18	6/2/08	Adopt open government proposals that allow residents to meaningfully participate in city decision-making. [Mayor's Reed-Reforms Community Budgeting; Sunshine Reforms]						X		
19	6/2/08	Defer approval of capital projects unless resources for necessary operations and maintenance have been identified. [General Obligation Bonds should include funding for maintenance costs. If possible, pursue opportunity to change State Law] See Budget Principles in Mayor's March 2008 Budget Message	X					X		
20	6/2/08	Implement a two-year operating and project budgets cycle, like the City of Sunnyvale.	X							
21	6/2/08	The City should perform a careful analysis of public subsidies for events (e.g. Grand Prix) or projects (e.g. new scoreboard for the arena) to ensure that there is an adequate return for the taxpayer's investment. [Pilot Cost-Benefit Policy requires it- If it becomes permanent, Stakeholder Group strongly supports]						X		
22	6/2/08	Establish a Technology Advisory Council through which Silicon Valley businesses suggest ways the City can use technology to improve efficiency.				X				

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23	6/2/08	The City should establish fiscal plans that identify the timeline under which residents can expect relatively small scale improvements in services and infrastructure and the level of increased revenues that will be required before large scale expansions of infrastructure or services can be achieved. For example, what kind of new revenues would be needed to finance an addition of 300-400 new police officers?				X				
24	6/2/08	Spending reform implemented by the City to avoid future deficits.				X			X	
25	6/2/08	Place before the voters the option of creating a budget stabilization reserve, to be created out of one-time revenues or budget surpluses. No more than .5% of the General Fund per year shall be added to the reserve, and the reserve shall never exceed 1% of the General Fund. Proceeds from the fund shall only be used to retain City staff during cyclical budget downturns.				X				
26	6/2/08	Evaluate the possibility of <u>parcel taxes</u> to be applied to Council Districts or even smaller parts of the city to pay for priorities chosen by the residents of those areas. This strategy could be used for services not suitable for assessment districts.				X				
27	6/2/08	Finance improvements on major roadways and arterials with developer fees, where improvements are made necessary by specific project; with RDA funds where improvements produce primary benefits to a Project Area; and with construction taxes. Offer residents the opportunity to finance additional improvements with General Obligation bonds.				X				

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28	6/2/08	Include a provision in the City General Plan that all major Specific Plans such as Evergreen, Coyote Valley, etc. shall include mechanisms to ensure that the new development pays for associated new municipal infrastructure and that taxes and fees from the new development pay for the delivery of basic city services. The choice of funding mechanism can be tailored to the characteristics of the Specific Plan.			X					
29	6/2/08	Clarify the City's policy regarding the rezoning of industrial land for residential uses to indicate that "extraordinary benefit" means benefits to the City's General Fund.				X				
30	6/2/08	San Jose should implement land use policies and capital budget plans that enhance Smart Growth but do not burden the City's General Fund operating budget or cause reductions in city services.				X				
31	6/23/08	Economic development strategies need to be targeted towards businesses that produce general fund revenues. [See City's <i>Economic Development Strategy- 15 Strategic Initiatives distributed on 8/18/08</i>]						X		
32	6/23/08	Adopt a "Santana Row" retail strategy that places retail outlets on the city's periphery where they are most likely to attract purchases from residents of nearby jurisdictions.	X						X	
33	6/23/08	Revise the city's hotel strategy to permit additional hotels on the periphery of the city in order to increase TOT revenues.	X						X	

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April-September 2008

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34	6/23/08	Coordinate City economic development programs with San José State University to maximize benefits from the university's capacities as a research center and as a major contributor to training the region's skilled workforce.							X	
35	6/23/08	Establish an Economic Development Advisory Committee to solicit and evaluate economic development proposals from community organizations, businesses, and the public at large. AND Design programs that encourage the growth of small businesses, including strategies to assist such firms in securing city contracts. <i>[Stakeholder Group expresses interest in assisting the development of small businesses]</i>				X				
36	6/23/08	a) Direct the city's economic development strategy to emphasize the generation of high-quality jobs with good wages and benefits. b) Expand the city's Living Wage policies to include additional firms, thereby increasing the number of self-sufficient households in San José neighborhoods. c) Modify the enforcement of the city's prevailing wage regulations to target contracts in which violations are more likely to occur while reducing resources focused on contracts such as Project Labor Agreements which have their own alternative enforcement mechanisms.			X					
37	6/23/08	Sales taxes should be expanded to services. As that occurs, the sales tax rate can be somewhat reduced. <i>[Sales tax set by State, should be looked at from City's Legislative Priorities perspective.]</i>						X		

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April-September 2008

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38	6/23/08	Identify strategies that require state legislative approval and advocate for policy changes that will help address the structural deficit including strongly supporting state legislation or state initiatives to reform California's public finance system. <i>[Should be looked at from City's Legislative Priorities perspective.]</i>						X		
39	6/23/08	When property has not been reassessed in 10 years, its assessed value shall be increased by 10% provided that the new value is not greater than market value and the new value is not greater than the cumulated 2% annual increase plus the rate of inflation over the 10 year period. <i>[Requires change to Proposition 13, should be looked at from City's Legislative Priorities perspective.]</i>						X		
40	6/23/08	Once every 6 years, local governments should be allowed to place a special tax before the voters that can be adopted by 50% of the voters plus one. <i>[Requires State Constitutional Amendment- Proposition 218] [Should be looked at from City's Legislative Priorities perspective.]</i>						X		
41	6/23/08	Public Safety parcel tax or a modification in the utility tax to cover inter-state and international phone calls. -Offer the voters the opportunity to significantly increase the size of the San José police force and meet critical needs in the fire department and other emergency services departments.			X					
42	6/23/08	Reinstate the program through which the RDA pays the park impact fees on affordable housing projects financed with RDA resources.			X					X

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April-September 2008

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43	6/23/08	Whenever feasible, employ RDA resources in energy conservation and clean energy projects.						X		X
44	6/23/08	Evaluate hiring a Grants Development professional the cost of which would be covered by the generation of new revenues.	X							X
45	6/23/08	Increase the Card Room business tax and increase the number of tables in a Card Room.	X							
46	7/7/08	Re-invest funds generated by energy conservation or other environmental programs that reduce costs into further efforts to improve environmental quality.							X	
47	7/7/08	Increase penalties for code enforcement violations and use fees to pay for additional personnel			X					
48	7/7/08	Examine the relationship between the Airport and the city to determine if there are ways to generate additional revenues to the General Fund				X				
49	7/7/08	Downtown Entertainment Zone Cost Recovery Strategy					X			
50	7/21/08	Performance Auditing					X			
51	7/21/08	Shift Healthy Neighborhood Venture Funds (HNVF) funds to the General Fund			X					

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Stakeholder Group
Categorization of Strategies to Eliminate the General Fund Structural Budget Deficit
April-September 2008

#	Date	Strategy	1	2	3	4	5	6	7	8
52	7/21/08	Implement Competitive Sourcing			X					
53	8/4/08	Controlling the Largest Component of General Fund Cost Increases-Personnel Expenditures. [<i>Labor Relations Presentation</i>]					X			
54	8/4/08	Change prevailing wage applications for Service Contracts			X					
55	8/18/08	Economic Development Strategy [<i>Presentation</i>]					X			
56	8/18/08	Maximizing the Redevelopment Agency's Contribution to the General Fund [<i>Presentation</i>]					X			
57	9/8/08	Change California Local Government Finance System [<i>See 6/23 # 37-40</i>]	X						X	
58	9/8/08	Identify Priority Municipal Services and Elements of a Potential Priority Setting Framework	X							
59	9/8/08	Consider Two-Tier Retirement Plan					X			

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**CITY OF SAN JOSE □ SIX-MONTH STRATEGIC OBJECTIVES
February 16, 2008 through September 30, 2008**

THREE-YEAR GOAL: MAINTAIN OUR STATUS AS THE SAFEST BIG CITY IN AMERICA

WHEN	WHO	WHAT	STATUS			COMMENTS
			DONE	ON TARGET	REVISED	
1. Sept. 30, 2007	City Manager and Police Chief	Report to the City Council on the necessary actions to maintain the City's ranking as the Safest Big City in America.	✓			This item is complete.
2. Sept. 30, 2007	Fire Chief	Develop a plan to meet the criteria for San Jose to become a Heart Safe City and present to the PSFSS Committee.		✓		An update on the progress of the Heart Safe City initiative will be given to the October 16 PSFSS Committee.
3. Feb, 2007	Fire Chief	Review the 2000 SJFD Strategic Plan and its response time data and provide to PSFSS (Public Safety Finance and Strategic Support) Committee an analysis that will be used for future staffing needs and service delivery models.			✓	The revised plan will be presented in December 2008.
4. Feb. 29, 2008	City Manager – lead, Police Chief, Budget Director	Identify Public Safety Funding Strategy to implement the San Jose Police Dept. 5-Year Staffing Plan without impacting other city departments.		✓		The Proposed FY 08-09 Budget includes funding for the hiring of 25 Police Officers. Additionally, SJPD has applied for the Universal Hiring Program Grant (DOJ), which if awarded, would fund 25% of the costs for 10 Police Officers for a three-year period.

THREE-YEAR GOAL: MAINTAIN OUR STATUS AS THE SAFEST BIG CITY IN AMERICA (CONTINUED)

WHEN	WHO	WHAT	STATUS			COMMENTS
			DONE	ON TARGET	REVISED	
5. April 1, 2008	City Attorney – lead, City Manager, and Police Chief, working with other relevant departments	Develop a permitting process with a recommended ordinance that will require entertainment promoters at night clubs to be licensed and present to the City Council for action.	✓			Promoter Ordinance was adopted by Council and became effective July 17, 2008. Res. 74398.
6. March 2008	Police Chief and Fire Chief	Present to the City Council's Public Safety Finance and Strategic Support Committee a status report on the Progress of the Public Safety Bond Program and the funding needed and sources of funding.	✓			This report was presented to the Public Safety, Finance and Strategic Support Committee on March 21, 2008 and to the full City Council on April 8, 2008.
FOR FUTURE CONSIDERATION:	Police Chief	Develop a plan to update and distribute educational materials in various languages to assist parents and others to recognize youth involved in gang activity.				Through the Mayor's Gang Prevention Task Force (MGPTF) – an educational CD will be distributed to various families and community groups. Additionally, the parent mentoring project is designed to educate parents regarding gang issues. On September 30, the Independent Police Auditor "A Student Guide to Police Practices" was released and distributed, in collaboration with the MGPTF, Police Department and City Manager's Office.

THREE-YEAR GOAL: ELIMINATE THE STRUCTURAL BUDGET DEFICIT

WHEN	WHO	WHAT	STATUS			COMMENTS
			DONE	ON TARGET	REVISED	
1. Jan. 7, 2008	General Fund Structural Deficit Task Force – Councilmember Constant (Chair) with the support of the City Manager and Redevelopment Agency Director	Define the General Fund structural deficit and develop both short-term and long-term alternatives and strategies to address the deficit within three years with full stakeholder input. These strategies will be presented to the Mayor's Budget Shortfall Advisory Group and the City Council for consideration and development on the 2008-2009 Mayor's March Budget Message and the 2008-2009 City Manager's Proposed Budget.	✓			This item is complete.
2. Feb. 29, 2008	City Manager's Retiree Health Care Team (HR Director – lead)	Carry out the direction given by the City Council at the August 28 2007 meeting regarding the retiree health care Benefits.		✓		A full report was accepted at the 6/17 Council meeting. We are currently in a coalition setting with all non-public-safety unions to determine options for ramping up to full funding.
3. Feb. 12, 2008	Mayor's Budget Shortfall Advisory Group (Mayor-lead)	Present a report to the City Council, including a three-year strategy recommendation to eliminate the General Fund structural budget deficit.	✓			Report was presented with a recommendation to allocate 1/2 of the amount of the structural budget deficit as planning targets to be achieved over three years in three areas: 1. Revenue Increase 2. Service Reductions 3. Cost Savings

THREE-YEAR GOAL: REDUCE DEFERRED MAINTENANCE AND THE INFRASTRUCTURE BACKLOG AND DEVELOP A STRATEGY TO IMPROVE THE INFRASTRUCTURE

WHEN	WHO	WHAT	STATUS			COMMENTS
			DONE	ON TARGET	REVISED	
1. Oct. 1, 2007	Deputy City Manager Shikada, working with the Infrastructure Dept. Heads (ESD, IT, General Services, Public Works, DOT, Airport, and PRNS)	Identify existing and potential funding sources for infrastructure maintenance and present the results of the evaluation to the City Council's Transportation and Environment Committee.	✓			This item is complete.
2. At a Nov. 2007 City Council study session	Deputy City Manager Shikada, working with infrastructure dept. heads	Present the Infrastructure Report to the City Council and get input from the Council and community to shape final recommendations to the City Council.	✓			A study session was held on October 25, 2007.
3. Spring 2008	Deputy City Manager Shikada	Present a comprehensive funding and implementation strategy to the City Council for consideration that includes alternatives associated with various funding scenarios, one of which should reflect no increased funding.	✓			As part of developing the 2008-09 Budget, the City Manager prepared for City Council consideration a series of priority strategies to address key infrastructure needs as a component of the Structural Budget Deficit (MBA #4).
4. April 30, 2008	Deputy City Manager Shikada, guided by Council direction	Complete initial community surveys, complete work to better describe how well maintenance and infrastructure services are performed now and describe the specific impacts of different funding scenarios on deferred infrastructure maintenance.	✓			Based on initial Council direction, public opinion surveys were conducted to identify community support for revenue generation options.

THREE-YEAR GOAL: INCREASE ECONOMIC VITALITY

WHEN	WHO	WHAT	STATUS			COMMENTS
			DONE	ON TARGET	REVISED	
1. Sept. 30, 2007	Chief Development Officer – lead, SJRA Exec. Dir., PBCE Dir.	Present to the City Council for action sites for retail development (e.g., mixed use development sites or retail sites).	✓			This item is complete.
2. Sept. 30, 2007	Chief Development Officer.	Present to the City Council for action a new Shopping Center Improvement Program (non-SNI related).	✓			This item is complete.
3. Oct. 15, 2007	Director of PBCE	Present to the City Council for consideration a process for early consideration of development proposals.	✓			This item is complete.
4. December 2007	Director of PBCE and the SJRA Executive Director	Present to the City Council for action a Pilot Permit Program for downtown and neighborhood business districts to attract and expand small business by funding city fees for sidewalk cafes, signs and improvements.	✓			Agency's Adopted FY 2007-08 includes funding for sidewalk café applications and permit review fees as well as grants to install high quality signs, including projecting neon signs, on buildings located in downtown and all redevelopment project areas.

THREE-YEAR GOAL: INCREASE ECONOMIC VITALITY (CONTINUED)

WHEN	WHO	WHAT	STATUS			COMMENTS
			DONE	ON TARGET	REVISED	
5. December 2008	Director of PBCE and the Finance Director	Develop and present to the City Council for action a Business Tax Outreach Program as part of the development permitting process.			✓	Staff is implementing an interim Business Tax Outreach Program that will be operational mid to late February. Due to integration and other issues with linkages to the Integrated Cashiering System, staff is anticipating resolution and implementation by December of 2008. Staff will report back regarding the interim program and status of the Integrated Cashiering System during the next Six-Month Strategic Objective cycle.
6. March 31, 2008	Director of Aviation – lead, Dir. of PBCE, Dir. of Economic Development	Complete the Downtown/Airport Height Strategy and present to the City Council for consideration.			✓	Staff will provide an update to the CED Committee in January, 2009. CED will review recommendations for Council consideration.
7. February 2008	Airport Director and Chief Development Officer, working with the Convention and Visitors Bureau	Develop and present to the City Council's Economic Development Committee a private/public funding strategy and proposal targeted to promoting San Jose in strategic locations where we want to increase airline services (e.g., Tokyo, London, Paris).		✓		Global Fluency and staff from the Airport and Economic Development meet regularly discussing Air Service Promotion. Staff will be presenting a progress update at the CEDC meeting on October 27.

THREE-YEAR GOAL: INCREASE ECONOMIC VITALITY (CONTINUED)

WHEN	WHO	WHAT	STATUS			COMMENTS
			DONE	ON TARGET	REVISED	
8. Jan. 29, 2008	Chief Development Officer and Director of ESD	Present to the City Council for consideration a Clean-Tech and Renewable Energy Strategic Plan.	✓			The Clean Tech Strategy was presented to the CED committee in June and accepted by the Council on 8/5. The Energy Roadmap is under development with completion anticipated by the end of the year.
9. Feb. 15, 2008	RDA Director and the Chief Development Officer	Initiate build-out of the Bio Center 1 st floor expansion and hire a consultant to prepare a plan for Biotech Manufacturing Initiative.		✓		This item is on target. The Agency anticipates that construction will be completed and the expanded BioCenter will be ready for occupancy during 2009.
10. June 2008	SJRA Executive Director and the Chief Development Officer, working with the Convention Center Expansion Team and the Convention and Visitors Bureau	Determine and recommend to the City Council for action the scope and funding mechanisms for a convention center expansion and modernization.		✓		Staff will be presenting a progress update at the CEDC meeting, October 27, 2008.

THREE-YEAR GOAL: PROVIDE FULL FUNDING FOR PARKS, POOLS, COMMUNITY CENTERS AND LIBRARIES, INCLUDING MAINTENANCE, OPERATIONS AND DEVELOPMENT

WHEN	WHO	WHAT	STATUS			COMMENTS
			DONE	ON TARGET	REVISED	
1. March 2008	The Library Dir. and PRNS Dir.	Identify standards and measures that define minimal and adequate citywide service levels for parks, pools, community centers and libraries, in order to have them validated by the community at the Jan. 19, 2008 Neighborhood Assn and Youth Commission Community meeting.	✓			Presentation to CMO completed. All requests for service level enhancements will be considered through the City Operating Budget process.
2. Feb. 15, 2008	Director of PRNS	Initiate one planning study (Council District 2) to begin implementation of the Council-approved Aquatics Master Plan and begin to identify the funding needed and sources of funding.	✓			Master Agreement w/Callender Associates approved by Council 4/14/08; Feasibility Study Initiated 08/20/2008 Estimated completion by February 2009.
3. March 2008	Director of PRNS	Provide a progress report to the Council's Neighborhood Services and Education (NSE) Committee on the reuse of the community centers and the funding needed and sources of funding.	✓			This was approved by NSE 4/10/08; Approved by Council 4/22/08
4. Feb. 15, 2008	Library Director	Present to the NSE Committee a status report on the progress of the Library Bond Program and the funding needed and sources of funding.	✓			This report was accepted by NSE 2/14/08
5. Feb. 15, 2008	Director of PRNS	Present to the NSE Committee a status report regarding the use and results of the enhanced Park Maintenance Reserve Funds.	✓			This report was accepted by NSE 2/14/08
6. Feb. 15, 2008	Director of PRNS	Present to the NSE Committee a status report on the progress of the Parks Bond Program and the funding needed and sources of funding.	✓			This report was accepted by NSE 2/14/08